

# Clifton Mining Company

70 West Canyon Crest Rd. Suite D

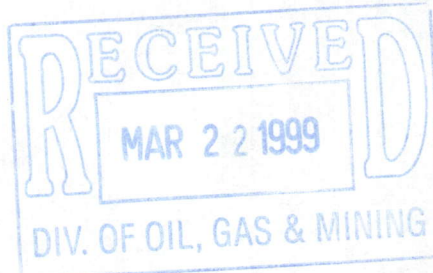
Alpine, Utah 84004

(801) 756-1414 Fax (801) 756-5454



January 6, 1999

Glen A. Carpenter. *JD*  
Bureau Of Land Management  
2370 So. 2300 W.  
Salt Lake City, Utah 84119



Dear Mr. Carpenter,

We thank you for the time and effort that you put in on our behalf. We apologize for not answering this inquiry sooner and we are aware of the fact that it was sent to us on July second. But on July sixth, we met with the BLM and formulated a plan whereby we could purchase the property in question, given the knowledge that it would take six months or more to complete the transaction. We also assumed that since that if we purchased the property, it would be just under the direction of DOGM, that the BLM would rather not have us waste more of their time on the matter, but, if that is not the case we will be happy to satisfy any needs you have concerning the project.

In the case of the pond water, we apologize if we have failed to make it clear in our previous communications that the plant is designed to operate primarily on recycled water.

The plant uses up to 100 gallons per minute, but it emerges from the process essentially unchanged. As soon as the solids have settled out from the plant tails, the standing water is pumped back to the fresh water storage pond to be reused, and this pattern of use and reuse can continue indefinitely. The only fresh water brought onto the plant area is that required to operate long enough to fill a tailings pond to a level sufficient to allow the settling and pumping to take place, and thereafter to replenish any losses to evaporation or seepage.

For example, on a hot summer day, of the 144,000 gallons sent to the tailings area, up to 40,000 gallons of water may be lost to evaporation, leaving only about 104,000 gallons available for recycle, and requiring 40,000 gallons of fresh water to maintain operating levels. On a winter day, little or no net evaporation may take place, leaving essentially all the 144,000 available for recycle, and requiring little or no supplemental fresh water. In this case the plant can be operated entirely on recycled water.

As there is no process requirement for evaporation, the tailings area needs to be sized only for solids storage. Water levels can and will be managed to minimum values to guard against accidental release to the environment.

Should it be however, that in order to meet your concerns, you would like us to enlarge the tailings pond and adjust our POO, we are certainly willing to do so.

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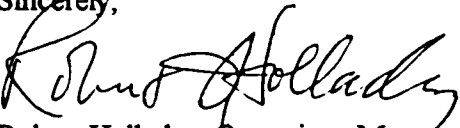
In answer to your other questions; we have NEVER pumped water from any source into our tailings pond and then released it into the adjacent drainage. That has never happened! Also, we have made no major design changes in the mill, nor is there a cyanide circuit hooked into the mill system.

The tailings ponds are also more or less the same as they have been for many years. It was designed as one pond with two parts. Having the two parts enables us to make a better separation of the solids and the water, which helps make recycling the water easier.

The only significant changes that we have made to the mill area, was to spend a great deal of effort in cleaning up the place and getting rid of much of the garbage in the area, as you had earlier requested. We have also added in a few more trailers, at the request of MSHA, to separate the sample crushing and preparation areas from the lab trailer. Also, we are not currently operating the mill.

Thank you for your time in this matter.

Sincerely,



Robert Holladay, Operations Manager

Enclosures

WDM:km